



BL Kashyap & Sons

Buy

31 October 2006

CMP: **Rs1,238**

Target: **Rs1,600**

Initiating Coverage

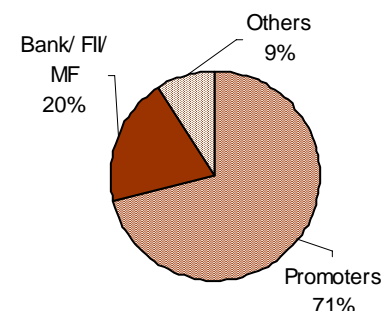
Building Success

BL Kashyap offers a good play on India's industrial, commercial and housing construction activity. We are convinced of its competitive position and its high-growth, low-risk strategy. We expect 68% CAGR in EPS through FY09E. Strong financials and potential upside from subsidiaries justify premium valuation. **BUY**.

YEAR END	NET SALES (Rs M)	PAT (Rs M)	EPS (RS)	EPS GROWTH (%)	P/E (X)	P/BV (X)	ROE (%)	ROCE (%)	EV/ SALES (X)	EV/ EBITDA (X)
06/06A	4,655	274	26.7	10.0	46.3	5.2	21.8	29.1	2.5	24.3
06/07E	8,925	583	56.8	112.5	21.8	4.3	24.0	32.0	1.4	12.7
06/08E	13,388	888	86.5	52.2	14.3	3.4	29.7	38.8	0.9	8.2
06/09E	18,743	1,310	127.6	47.6	9.7	2.5	32.1	44.1	0.6	5.5

Sector	Construction
Bloomberg	KASH IN
Reuters code	N.A.
BSE Sensex	12,962
S&P CNX	3,744
Equity Shares (m)	10.3
52-Week H/L (Rs)	1594/749
1,6 Rel. Perf. (%)	10/-16.7
M.Cap. (Rs b)	12.7
Avg. Daily Vol. ('000)	3

SHAREHOLDING PATTERN



■ Construction company with a difference

BL Kashyap is not a typical infrastructure construction company. It offers a good play on the boom in India's industrial, commercial and housing construction activity. Presence in diverse segments, strong clientele, high repeat business and low attrition of key people convince us of BL Kashyap's competitive position.

■ High-growth, low-risk strategy

We expect BL Kashyap to sustain its high growth on the back of huge order intake, new real estate venture and planned entry into infrastructure construction. We see the company adopting a low-risk strategy for each of its growth drivers; for instance, focus on orders with lower execution period.

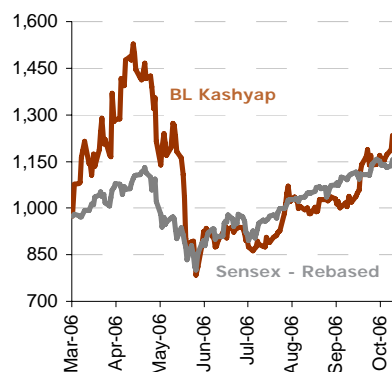
■ Healthy financial position

BL Kashyap's financial performance in the past three years is excellent. Revenue has trebled over FY04-06, and PAT is up 8.7x. Working capital to sales is low, leading to positive cash flow from operations and zero net-debt. The company has cash of Rs1.1b from its recent IPO, a treasure-chest for potential acquisitions.

■ EPS CAGR of 68% through FY09E; Buy

We expect BL Kashyap standalone to post a CAGR of 59% in revenue, and 68% in PAT and EPS through FY09E. The stock is trading at EV/EBITDA of 12.5x (FY07E) and 8.1x (FY08E). We believe the company's strong financials and potential upside from subsidiaries justify premium valuation to peers. Our 12-month target price is Rs1,600 (based on FY08E EV/EBITDA of 10x and PE of 20x). **We recommend BUY.**

BL KASHYAP vs SENSEX - SINCE LISTING



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Investment Argument

We initiate coverage on BL Kashyap with a **Buy**. Our target price of Rs1,600 offers an upside of 29% from current levels.

Construction company with a difference

BL Kashyap offers a good play on the boom in India's industrial, commercial and housing construction activity. Presence in diverse segments, strong clientele, high repeat business and low attrition of key people convince us of BL Kashyap's competitive position.

Play on industrial, commercial and housing activity

BL Kashyap is not a typical infrastructure construction company. Its construction business offers a good play on the boom in India's industrial, commercial and housing activity.

HOW BL KASHYAP IS DIFFERENT

Issues	Typical infrastructure company	BL Kashyap
Type of projects	Road, power, airports, port, water related projects	Residential housing, retail, industrial, corporate projects
Major customers	Government bodies	Private companies (for industrial and commercial); land owners and Home buyers (for housing)
Order size / Project duration	Large orders to be executed over 24-36 months	Relatively smaller orders with execution time of 6-18 months
Order bagging criteria	Past track record + Net worth (possible reason for frequent raising of equity)	Past track record only (lower probability of equity dilution)
Resource mobilisation	May take long time (eg due to delay in land allocation for the project)	Relatively faster
Delays and litigation	Higher probability	Low probability
Financial issues	High working capital to sales, low-to-negative cash flow from operations, debt-equity of 0.5-1x	Working capital to sales of 10-14%, strong positive cash flow from operations, zero net-debt

Source: Motilal Oswal Securities

Huge business opportunity

There is huge business opportunity in each of BL Kashyap's major construction segments as summarised below (for details, see Annexure: Business opportunity).

Industrial: Civil construction accounts for ~15% of the total project cost. Projects worth billions of rupees are lined up across industries. SEZs are also a potential demand driver for industrial construction. Specifically for BL Kashyap, its clients Maruti and Hero Honda have lined up projects worth Rs112b through FY10E.

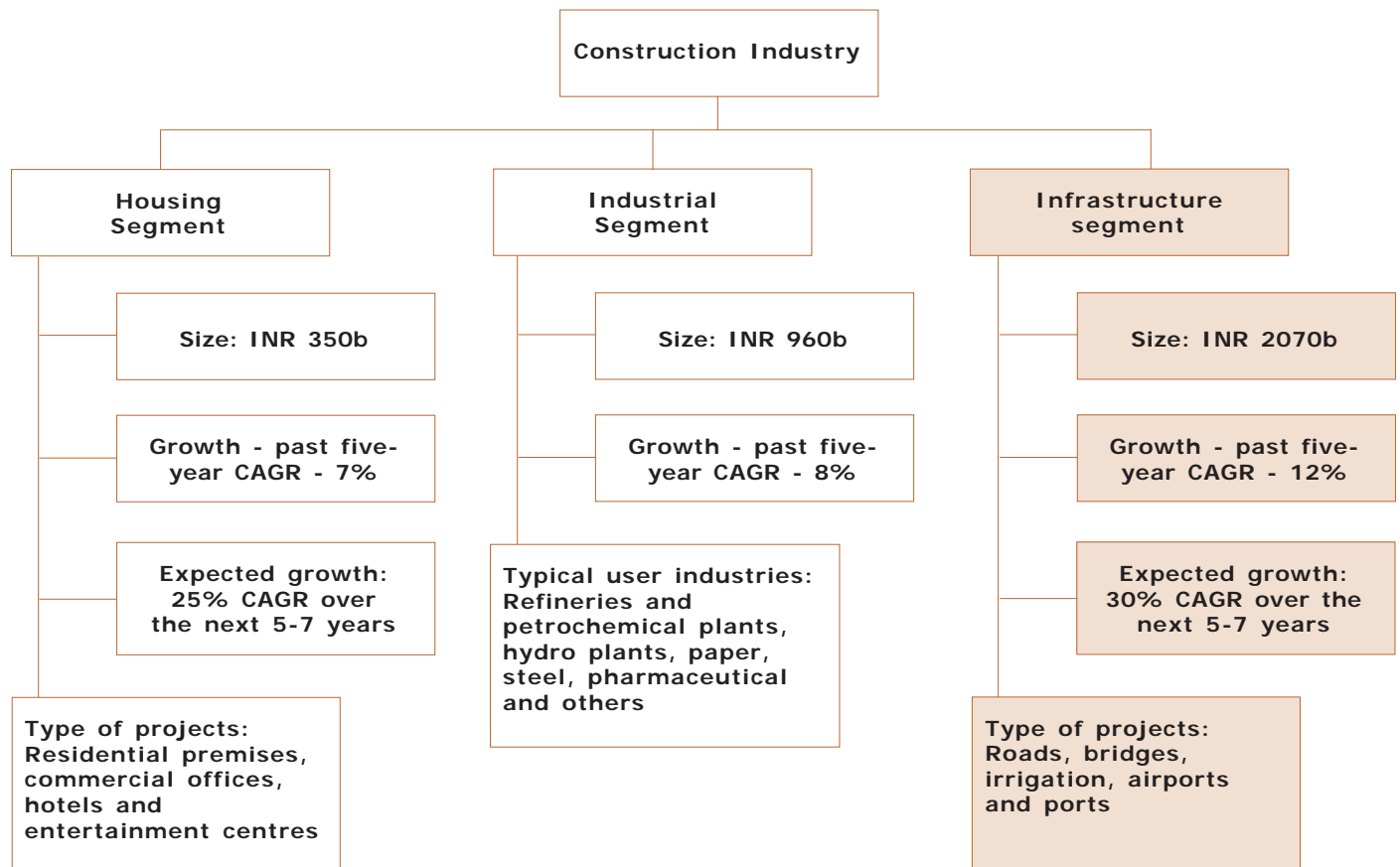
Commercial: Demand for office space is rising, led by the IT and BPO sectors. Retail, entertainment and hospitality sectors also offer huge potential for construction by way of malls, multiplexes and hotels.

Housing: An estimated investment of Rs16,000b is required to address the housing shortage in the urban and rural segments. The key drivers of housing demand are increasing disposable income, nuclear families and government policy encouraging residential ownership.

POTENTIAL REPEAT BUSINESS

Particulars	Rs b
Hero Honda	22
Haridwar - 2010 (incl. ancillary units)	19
Initial investment	3
Maruti - 2010	90
TOTAL	112

BL KASHYAP - BUSINESS OPPORTUNITY



BL Kashyap's existing segments Potential entry

Source: BL Kashyap red herring prospectus

BL Kashyap's competitive position is strong

We believe BL Kashyap derives its competitive strength from three factors:

- Presence across various segments
- High repeat business from strong clients
- Strong team of engineers with low attrition

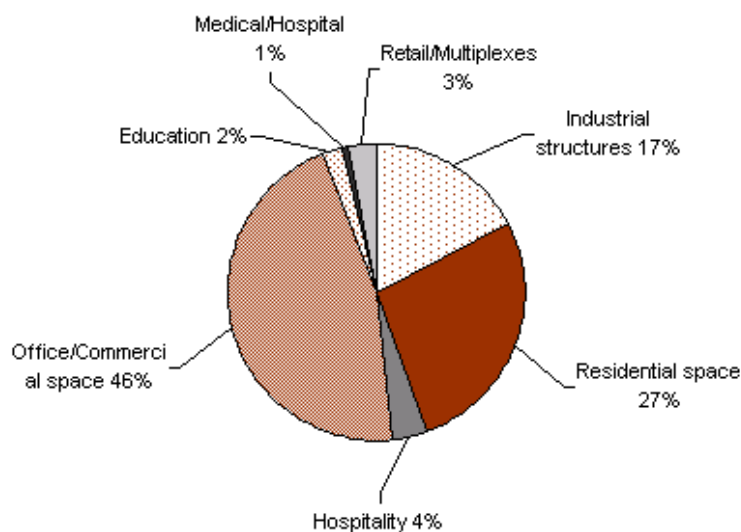
Presence across various segments: In private construction, BL Kashyap is present in various segments such as industrial, residential, hospitality, educational, medical, commercial and retail (see graph on page 4). This de-risks its business from slowdowns in any particular segment.

Wide presence de-risks business

High repeat business from strong clients: About 60% of BL Kashyap's revenue is by way of repeat business from existing clients. The company has strong corporate clients such as IBM, Microsoft, Fidelity Business Services, Adobe Systems India, Maruti and Hero Honda. Most of these clients have expansion plans, translating into potential business for BL Kashyap.

60% of revenue is repeat business

BL KASHYAP'S AVERAGE ORDER BOOK MIX



Skilled engineers with low attrition: BL Kashyap claims to have 500 engineers on its payroll, and that its senior management team has been associated with the company for more than 15 years. Skilled work force coupled with low attrition helps BL Kashyap's timely project execution, and performance quality, leading to healthy inflow of orders.

Senior management team with the company for 15 years

Company background

BL Kashyap, a Delhi-based company, belongs to the Kashyap family which has been in the construction space since 1978.

The company is into private construction activities and currently does not have a presence in infrastructure. Within private construction, it offers the entire gamut of services including civil, finishing, interiors and other allied activities. It caters primarily to the northern and the southern regions and has recently entered western India.

It has set up two subsidiaries:

- **Soul Space Projects Ltd**, which is into real estate development; and
- **BLK Furnishing & Contractors Pvt Ltd**, which will provide a wide range of furnishing products for the housing and corporate segments.

IPO Details

BL Kashyap came out with an IPO in February 2006 and issued 2.9m shares at Rs685. It still has undeployed cash of about Rs1.1b in its balance sheet.

Deployment of IPO proceeds

Particulars	Rs m
Plant and Machinery	647.6
Investment in subsidiary	200.0
Land and Building	150.0

High-growth, low-risk strategy

We expect BL Kashyap to sustain its high growth on the back of huge order intake, new real estate venture and potential entry into infrastructure construction. We see the company adopting a low-risk strategy for each of its growth drivers; for instance, a focus on orders with lower execution period and a strategy of not buying land in its real estate venture.

■ High growth: Bulging order book Low risk: Faster project execution

Timely execution is a key factor for getting repeat orders. BL Kashyap has consistently been able to execute all its orders as per schedule. This is evident from its sales to order book (at the beginning of financial year) ratio: the average completion ratio has been 75%. Moreover, the company has consciously undertaken projects with an average execution period of about eight months, which has resulted in greater visibility and better cash flow management. The company intends to keep the short-term project share in the order book at 80%. BL Kashyap also has a strategy of using owned equipment over leased equipment enabling faster resource mobilisation and order execution.

Shorter execution period, better revenue visibility

ORDER BOOK COMPLETION RATIO

Rs m	FY04	FY05	FY06
Opening Order Book	2,125	3,541	7,280
Turnover	1,572	3,128	4,655
Completion Ratio (%)	74.0	88.4	63.9

■ High growth: Real estate development venture Low risk: No ownership of land

BL Kashyap has set up a subsidiary, Soul Space Projects, with a view to address the huge opportunity in housing. Soul Space will not make huge investments in land, and instead have joint ventures with land owners. We believe this eliminates the risks involved in buying and holding land.

Not investing land lowers risk in the real estate development business

Most of the construction activity would be carried out by the parent and Soul Space Projects will market these properties. In the initial stage the company plans to be in Bangalore and Pune.

■ High growth: Value-added housing solutions Low risk: Low capital-intensive, high-margin products

BL Kashyap provides a wide range of services in addition to civil/construction work. These services include furnishing, electrical, plumbing and other related works. The company has recently set up a subsidiary, BLK Furnishing, which will provide furnishing and fit-outs. Given the huge growth in residential construction such a strategy is a win-win for the client and the company. For the client, buying from BLK Furnishing would minimise time and cost overruns and for BL Kashyap, projecting

Furnishing and fit outs subsidiary to provide value-added housing solutions

the image of a one-stop shop would result in large orders and higher margins. Currently, the company is working on an IFFCO project (design-build basis); BL Kashyap will provide a complete office set up wherein the client can start operations on delivery.

■ **High growth: Huge infrastructure opportunity**
Low risk: Inorganic entry

Investments in infrastructure would continue to be a top priority as the Indian economy grows. BL Kashyap currently focuses on the industrial and housing segments with no presence in infrastructure. Given the huge infrastructure opportunity, the company plans to enter this segment by acquiring an existing infrastructure company. In our opinion, BL Kashyap could utilise its huge cash reserves (~Rs1.1b) for funding such an acquisition. We believe that this is a good strategy as it will help the company tap the infrastructure market faster than it would have following the organic route.

Cash reserve to enable potential acquisition in the infrastructure segment

Financials & Projections

BL Kashyap's revenue has trebled over FY04-06, and PAT is up 8.7x. Working capital to sales is low, leading to positive cash flow from operations and zero net-debt. We expect CAGR of 59% in revenue, and 68% in PAT and EPS through FY09E.

Strong revenue and earnings growth

BL Kashyap financial performance in the past three years is excellent in terms of revenue and profit growth. Its revenue has trebled during FY04-06 (72% CAGR) and PAT is up 8.7x during the same period (195% CAGR). EBITDA margin has expanded to 10.2% in FY06 from 5.4% in FY04.

For FY06, the company posted net sales of Rs4.6b, EBITDA of Rs475m (10.2% margin) and PAT of Rs281.7m.

In 1HFY07, revenue stood at Rs3.35b, up 61% YoY, EBITDA at Rs359.4m, up 62% YoY, EBITDA margin maintained at 10.7%. PAT stood at Rs210m, up 56% YoY.

Low working capital to sales

BL Kashyap has a very low working capital to sales ratio compared with other construction companies; this has enabled the company to maintain positive cash flows from operating activities. A lower ratio is largely on account of lower debtor days, 6-7% advance from clients and a shorter order execution period.

WORKING CAPITAL/SALES RATIO (%)

Company	FY04	FY05	FY06
Era Construction	11.9	16.1	37.7
Gammon	6.1	28.7	34.3
Hindustan Construction	18.9	9.1	26.3
Nagarjuna Construction	21.4	25.2	46.1
IVRCL	14.7	-6.8	33.0
BL Kashyap	6.0	1.0	8.0

Comfortable cash position

BL Kashyap came out with an IPO in February 2006 to raise Rs2b. Currently, it has about Rs1b of free cash available which is invested in instruments yielding 9% post-tax returns. The per share value of this cash comes to Rs98. One possible deployment of this could be for acquiring a company in the infrastructure construction space.

Strong order intake leads to high revenue visibility

As on March 2006, BL Kashyap had a strong order book of Rs8.5b; in August its order book swelled to Rs11b (1.3x FY06 revenue), a 29% increase in five months. Approximately 20% of the order book is residential projects where the execution period is 18+ months whereas the remaining projects have an execution period of 6-8 months. Currently, the company

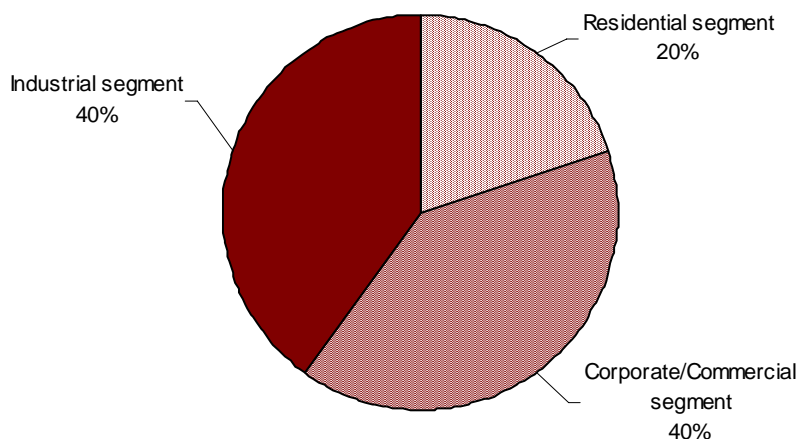
Strong FY04-06 financial performance continues in 1HFY07

BL Kashyap's working capital to sales is lowest among peers

BL Kashyap's current order book is Rs11b (1.3x FY06 revenue)

is executing a construction project for Hero Honda (Haridwar - Rs1b order) to be completed by FY07E. We believe most of the order book will be executed in the current financial year thereby providing higher revenue visibility.

ORDER BOOK COMPOSITION



EPS CAGR of 68% through FY09E

We expect BL Kashyap standalone to post a CAGR of 59% in revenue and 68% CAGR in PAT through FY09E.

Faster order execution to drive EPS growth

The growth would largely be backed by consistent order inflow from existing and new customers, marginal improvement in margins and faster execution of projects. We have assumed completion rate of 70% of the order book for FY07-09E as a substantial part of the company's order book has an execution period of 6-8 months.

FASTER ORDER EXECUTION

Particulars	FY06	FY07E	FY08E	FY09E	Remarks
Order book (Rs m)	8,500	12,750	19,125	26,775	Growing order book
Execution rate (%)	55	70	70	70	Faster mobilisation of resources
Revenue (Rs m)	4,655	8,925	13,388	18,743	59% CAGR FY06-09E
EBITDA margin (%)	10.2	10.7	11.0	11.3	Economies of scale
PAT (Rs m)	274	560	874	1,308	65% CAGR FY06-09E

Subsidiaries a potential upside

BL Kashyap has two subsidiaries - BLK Furnishers and Contractors Pvt Ltd, and Soul Space Projects Ltd. While BLK Furnishers would provide a wide range of furnishing and fit outs, Soul Space Projects would carry out residential construction activities.

Subsidiaries - a potential upside to standalone numbers from FY08E

Currently, we are not factoring in the subsidiaries' business in our earnings estimates and target price as they are in their early stages. However, we believe there could be a significant upside to BL Kashyap standalone numbers from FY08E.

Valuation & Recommendation

The stock is trading at EV/EBITDA of 12.5x (FY07E) and 8.1x (FY08E). Strong financials and potential upside from subsidiaries justify premium valuation. Our target price is Rs1,600 (based on EV/EBITDA of 10x and PE of 20x FY08E). BUY.

BL Kashyap deserves premium valuation

The stock is trading at EV/EBITDA of 12.5x (FY07E) and 8.1x (FY08E).

We have compared key financial and valuation parameters of BL Kashyap with peers in the construction sector. We believe BL Kashyap's stock deserves premium valuation due to:

- high RoCE, low working capital to sales, zero net-debt; and
- potential upside from its two subsidiaries.

PEER GROUP VALUATION

Particulars	BLK	HCC	IVRCL	NCL
Debt/Equity (x)				
FY07E	0.1	0.5	0.6	0.9
FY08E	0.1	0.6	0.7	0.9
Working Cap / Sales (%)				
FY07E	14.0	19.5	29.6	19.9
FY08E	14.0	13.0	28.8	17.7
RoCE %				
FY07E	32.0	8.9	16.4	17.4
FY08E	38.8	11.4	20.0	21.5
RoE %				
FY07E	24.0	12.5	21.3	18.2
FY08E	29.2	13.4	22.0	24.0
EV/EBITDA (x)				
FY07E	12.5	14.7	15.6	14.4
FY08E	8.1	11.7	11.0	10.2
PE (x)				
FY07E	21.8	24.9	23.3	20.0
FY08E	14.3	18.2	15.7	12.8

BL Kashyap is superior to peers on key financial parameters

BLK: BL Kashyap; **HCC:** Hindustan Construction; **NCL:** Nagarjuna Construction
E: MOST estimates

Price target of Rs1,600

We have valued BL Kashyap's business based on the average of two valuation approaches - EV/EBITDA and PE.

EV/EBITDA: We have valued BL Kashyap at EV/EBITDA of 10x FY08E. The share value works out to Rs1,500.

PE: Our target PE for BL Kashyap is 20x. At 20x FY08E EPS, the share value works out to Rs1,700.

Averaging the above two values, our target price for BL Kashyap is **Rs1,600**, an upside of 29% from current levels. **We recommend Buy.**

TARGET PRICE (Rs)

Metric	Multiple	Target
EV/EBITDA	10x	1,500
PE	20x	1,700
Avg target price (Rs)		1,600

All multiples for FY08E

Investment Concerns

Imperative of new order intake and activities under subsidiaries are our major concerns.

Imperative of new order intake

About 80% of the company's orders have an execution period of 6-8 months. Thus a consistent inflow of new orders is imperative for sustained growth.

Mitigant: BL Kashyap has a healthy track record with its clients which helps ensure repeat business (about 60% of its order book). Moreover, we believe the high level of construction activity for malls, multiplexes, hotels, SEZs and housing would ensure continuity in order intake.

Commercial and residential segments to ensure continuity in order intake

Activities under subsidiaries

BL Kashyap, through its subsidiaries, is entering businesses (real estate development under Soul Space Projects and home furnishing under BLK Furnishing & Contractors) where it does not have past experience. Hence, execution is a concern.

Mitigant: Soul Space's strategy of not buying land substantially lowers the financial risk. Even in BLK Furnishing, the investment is not very high. In any case, we have not factored in any contribution from subsidiaries in our earnings estimate and target price.

Subsidiaries not factored in our earnings estimate and target price

Financials and Projections

INCOME STATEMENT		(Rs m)				
Y/E DECEMBER	FY05	FY06	FY07E	FY08E	FY09E	
Net sales	3,128	4,655	8,925	13,388	18,743	
Change (%)	99.0	48.8	91.7	50.0	40.0	
Manufacturing expenses	1,690	2,501	4,787	7,167	10,014	
% of Net sales	54%	54%	54%	54%	53%	
Staff cost	999	1,419	2,707	4,047	5,648	
% of Net sales	32%	30%	30%	30%	30%	
Power and fuel	11	25	45	67	94	
% of Net sales	0%	1%	1%	1%	1%	
Admin and other expenses	184	235	432	635	870	
% of Net sales	6%	5%	5%	5%	5%	
EBITDA	245	476	955	1,472	2,117	
Change (%)	190	94	101	54	44	
Depreciation	27	43	87	110	127	
EBIT	218	433	867	1,362	1,991	
Interest	27	41	54	67	66	
Other income	14	33	70	50	60	
PBT	204	425	884	1,345	1,985	
Tax	84	143	300	457	675	
Rate (%)	41%	34%	34%	34%	34%	
Reported PAT	121	282	583	888	1,310	
Extra - ordinary gain / (loss)	(3)	(7)	0	0	0	
Adjusted PAT	118	274	583	888	1,310	
Change (%)	263	133	112	52	48	
EBITDA margin (%)	7.8	10.2	10.7	11.0	11.3	
PAT margin (%)	3.8	5.9	6.5	6.6	7.0	

PAT to increase at a CAGR of 68% through FY09E

Financials and Projections (contd...)

BALANCE SHEET

Y/E DECEMBER	FY05	FY06	FY07E	FY08E	FY09E
Equity share capital	49	103	103	103	103
Reserves	115	2,339	2,865	3,671	4,877
Networth	163	2,442	2,967	3,774	4,980
Loans	201	195	400	300	300
Net deferred tax liability	19	16	20	20	20
Capital employed	383	2,653	3,387	4,094	5,300
Gross fixed assets	291	557	900	1,100	1,200
Less: Depreciation	88	130	217	327	453
Net fixed assets	203	428	683	773	747
Investments	16	1,405	1,188	1,175	1,671
Curr. assets	1,116	2,287	3,938	5,808	8,051
Inventory	171	576	1,223	1,834	2,567
Debtors	590	883	1,687	2,531	3,543
Cash & bank balance	136	396	200	200	200
Loans & advances	219	432	829	1,243	1,740
Current liab. & prov.	952	1,530	2,479	3,713	5,215
Creditors	473	645	1,310	1,959	2,733
Other liabilities	280	613	811	1,216	1,702
Provisions	199	272	358	539	779
Net current assets	164	757	1,459	2,094	2,836
Misc. exp. (not w/o)	0	64	57	52	46
Application of funds	383	2,653	3,387	4,094	5,300

Investments, a treasure chest for potential acquisitions

E: Estimates

Financials and Projections (contd...)

RATIOS

Y/E DECEMBER	FY05	FY06	FY07E	FY08E	FY09E
Basic (Rs)					
EPS *	24.3	26.7	56.8	86.5	127.6
Growth (%)	262.8	10.0	112.5	52.2	47.6
Cash EPS	31	32	70	107	148
Book value	34	238	290	368	486
DPS	20.0	3.0	5.0	7.0	9.0
Payout (incl. div. tax) (%)	79%	11%	8%	7%	7%
Valuation (x)					
P/E		46.3	21.8	14.3	9.7
Cash P/E		38.7	17.6	11.5	8.4
Price/Book value		5.2	4.3	3.4	2.5
Dividend yield (%)		0.2	0.4	0.6	0.7
EV / Sales		2.5	1.4	0.9	0.6
EV / EBITDA		24.3	12.7	8.2	5.5
Profitability ratios (%)					
RoE	76.4%	21.8%	24.0%	29.7%	32.1%
RoCE	68.0%	29.1%	32.0%	38.8%	44.1%
Turnover ratios					
Debtors (days of sales)	69	69	69	69	69
Inventory (days of sales)	20	45	50	50	50
Creditors (days of total exp.)	102	94	100	100	100
Asset turnover (x)	8.2	1.8	2.6	3.3	3.5
Leverage ratio					
Debt/Equity (x)	1.2	0.1	0.1	0.1	0.1

Strong incremental ROCE through FY09E

Financials and Projections (contd...)

CASH FLOW STATEMENT

Y/E DECEMBER	FY05	FY06	FY07E	FY08E	FY09E
PBT before EO items	207	432	884	1,345	1,985
Add : Depreciation	27	43	87	110	127
Interest	27	41	54	67	66
Less : Direct taxes paid	84	143	300	457	675
(Inc)/Dec in WC	62	-332	-899	-635	-742
CF from operations	240	40	-174	430	761
EO, misc. & other items	-3	-7	0	0	0
CF from oper. incl. EO items	237	33	-174	430	761
(Inc)/Dec in FA	-127	-268	-343	-200	-100
(Pur)/Sale of investments	-1	-1,389	217	13	-496
CF from investments	-129	-1,657	-126	-187	-596
Inc/(Dec) in netw orth	-195	1,901	-99	-147	-192
Inc/(Dec) in debt	81	-6	205	-100	0
Less : Interest paid	-27	-41	-54	-67	-66
Dividend paid	97	31	51	72	92
CF from fin. activity	-45	1,884	104	-242	-165
Inc/Dec in cash	63	261	-196	0	0
Add: Beginning balance	72	136	396	200	200
Closing balance	136	396	200	200	200

Healthy cash flow from operations

Annexure: Huge Opportunity

We believe that the growth in construction activity will continue over the next five years. The opportunity is spread across all construction activities: industrial, housing and infrastructure. With a strong presence in both industrial and housing construction, BL Kashyap is well placed to grow its share in these markets.

Housing segment

The key growth drivers in the housing segment are:

- Changing demographics - 66% of Indian population is less than 35 years old
- Increasing disposable income
- Nuclear families
- Government policy encouraging residential ownership

The Tenth five-year plan on urban development has estimated an additional requirement of about 4.5m houses each year (2000-07). National Building Organisation has estimated a shortage of 10.8mn dwelling units in urban housing. A total investment of Rs16,000b will be required to address the shortage both in the urban and rural segment.

Industrial segment

Manufacturing units

Buoyant economic activity has led to many companies announcing a series of capex plans. Civil construction work accounts for ~15% of the total investment in a project. Industries such automobile, textile, petrochemicals, cement, fertiliser, paper etc are some of the few industries that have huge capex plans lined up over the next four years. For instance in the automobile industry, Maruti and Hero Honda have expansion plans of about Rs109b over the next four years.

Commercial segment

Office space: There has been a spectacular growth in the office space in India with the demand doubling in the past three years. The key growth drivers have been the IT and BPO boom. We believe that this trend will continue and growth in this space would continue at 20% CAGR over the next five years. As per industry estimates, the current office market is about 100m sq feet.

Retail: Favourable demographics and increase in disposable income would lead to the retail sector expanding. The organised retail sector is expected to contribute 20% of total retail sales by 2010. There is a huge opportunity in this segment and many large players have laid down their expansion plans. We believe that this would result in a huge demand for construction activity.

Special Economic Zones

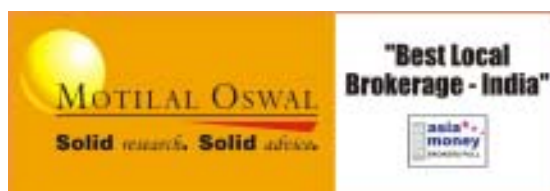
With a view to accelerate economic growth and exports, GoI has taken the initiative to create SEZs. We believe that this provides a huge opportunity for developers and contractors.

INVESTMENT IN HOUSING

Five-year plans	Rs b
First plan (1951-56)	11.5
Second plan (1956-61)	13
Third plan (1961-66)	15.5
Fourth plan (1969-74)	28
Fifth plan (1974-79)	44.4
Sixth plan (1980-85)	194.9
Seventh plan (1985-90)	314.6
Eighth plan (1992-97)	975
Ninth plan (1997-02)	1510
Tenth plan (2002-07)	7263

POTENTIAL REPEAT BUSINESS

Particulars	Rs b
Hero Honda	22
Haridwar - 2010 (incl. ancillary units)	19
Initial investment	3
Maruti - 2010	90
TOTAL	112



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Disclosure of Interest Statement

BL Kashyap & Sons

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|--|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
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